

RENT AND VALUE

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On page 8 of GJ No. 37 (Autumn 1982) Mr. W. Costerus is reported to have said "rent arises from value." It is the other way around - value arises from rent, not rent from value. Henry George said: "It is this capacity of yielding rent which gives value to land. Until its ownership will confer some advantage, land has no value." (Progress and Poverty, Book III, Ch. 2.)

This, of course, implies the yielding of rent to the holder thereby enabling him to appropriate it to himself. Strictly, therefore, land value does not arise from rent but from the private appropriation of rent. If there were a public appropriation of rent land would have no value because mere ownership would not per se "confer some advantage."

Mr. S. Sevenster (same page) said, "labour gives rise to the value of land and it would be returned to them via the community collection of rent."

It is true that if there were no labour there would be no rent because rent is part of the distribution of wealth and wealth cannot be produced without labour. However, although labour gives rise to rent (except at the margin) labour does not give rise to land value. It is the private appropriation of rent that gives rise to land value.

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(But, as pointed out by Dr. K.N. Grigg among others, land value does not refer exclusively to the selling price of land. Even with the full public collection of rent, rental value remains. W. H. Pitt has drawn up model legislation based upon taxing the rental value of land. - Ed.)